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ROUGH DRAFT

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[redacted]

22 March 1956

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~~Evidence of Satellite Interest in Obtaining Nickel-1955.~~

Sino-Soviet Bloc Procurement of Nickel – 1955

1. The ~~recent~~ fifth Five-Year Plan of the USSR called for an increase in nickel production from about ~~32,000~~ 29,000 metric tons in 1950 to ~~49,000~~ 40,000 metric tons in 1955. Other information indicates that East Germany and Poland produced about ~~650~~ 680 tons in 1955.

2. The USSR exports about 10 % of its nickel output to the Satellites, which is not sufficient to meet their requirements. As one example, there is a shortage of nickel for use in the aircraft production program of the European Satellites. This limitation and shortages of nickel for other purposes result in constant attempts to obtain additional supplies in all forms on Western markets.

3. In 1955 the Soviet Bloc was able to procure a quantity of Free World nickel in spite of the world shortage and the

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embargo on shipments of nickel (IL 1661) to the Sino-Soviet Bloc. Black market prices ranging from $3.80 to $6.10 per kilo were reported during 1955. The average free market price in 1955 was $1.42 per kilogram.

4. Ferronickel of less than 30 percent nickel content is not covered by COCOM controls. It is interesting to note that reported shipments of 1100 tons and offers of an additional 120 tons of ferronickel, ranging from 17 to 30 % nickel content have been made to the Satellite countries from the West during the year. The quantity of pure nickel represented by these shipments would be approximately 25 % of the Soviet Bloc's reported clandestine imports of nickel from the West in 1955.

5. The ~~following~~ above table is based on reports supported by documentary evidence, on-the-spot investigation by US personnel or information from other reliable sources. The clandestine nature of this trade and the limited information available preclude the

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presentation of an accurate total figure for nickel procurement from Western countries by the Soviet Bloc and should only be regarded as an indication of the magnitude of such transactions

Tabulation of Reports of East-West Trade in Nickel 1953-1955*

CATEGORY	METRIC TONS 1953	1954	1955
1. Shipments	658	1020	1089
2. Procurement efforts - interrupted	52	38	60
3. Procurement efforts- outcome undetermined	76	485	374

*This tabulation is not represented to be a total figure for nickel procurement from Western countries by the Soviet Bloc and should only be regarded as an indication of the magnitude of such transactions.

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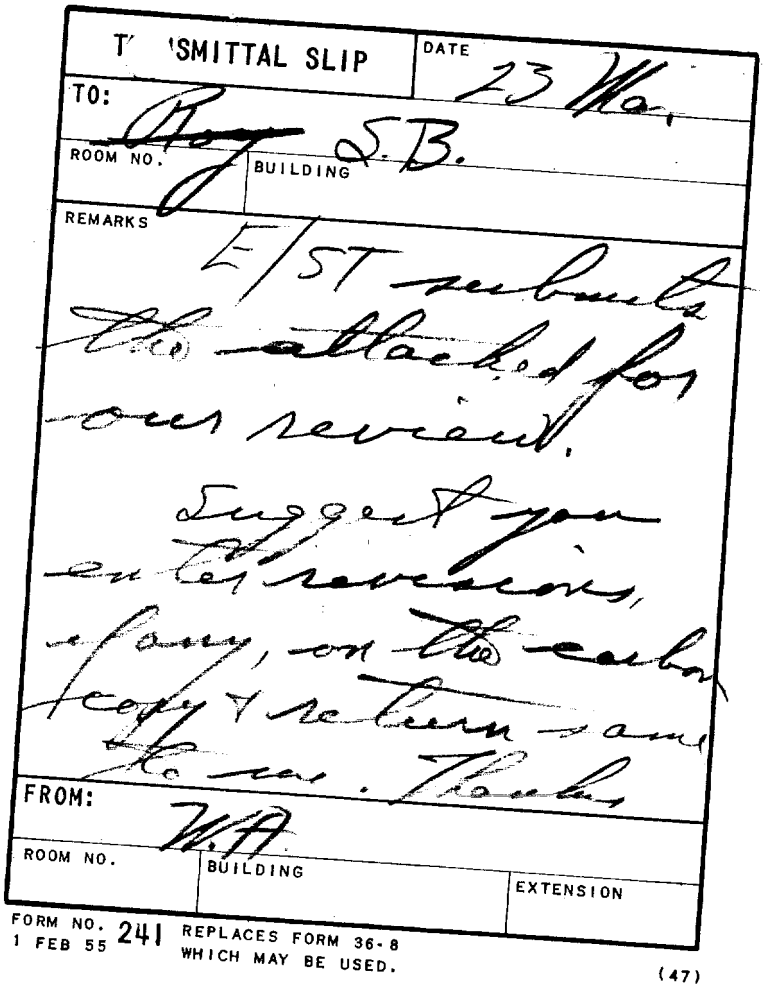

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DATE 23 Mar

TO: Roy S.B.

ROOM NO. | BUILDING

REMARKS

E/ST submits the attached for our review.

Suggest you enter revisions, if any, on the carbon copy & return same to me. Thanks

FROM: W.A.

ROOM NO. | BUILDING | EXTENSION

FORM NO. 241 REPLACES FORM 36-8
1 FEB 55 WHICH MAY BE USED.

(47)

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